

**WASHINGTON D.C.** – An investigation conducted by Rep. Darrell Issa, the Ranking Member of the Oversight and Government Reform Committee is revealing new insights into the inner workings of Countrywide's Financial Corporation's infamous VIP and Friends of Angelo Program that existed to buy friends in critical government and industry positions affecting the company's business interests. An e-mail discovered in the course of the Committee's investigation, revealed an exchange between Countrywide employees acknowledging that a loan being offered to former Fannie Mae CEO Daniel Mudd was "sensitive" and that Countrywide was "already taking a loss" by providing Mudd with the loan and warned against incurring any service complaints at risk of "[losing] any benefit we generate."

"This e-mail shows what Countrywide's true intent was by offering these loans to VIP's. Countrywide acknowledges that they are not financially benefiting from the loans and are taking a financial loss by offering them," said Issa. "They expressed concern regarding the sensitivity of these deals and their hope that providing these loans will generate benefits between Countrywide and loan recipients. Under the guise of providing sweetheart loans to Fannie and Freddie executives, Countrywide was able to game the system at the expense of the American people and our nation's fiscal solvency. Countrywide was very cognizant, calculating and ultimately effective at furthering their bottom line by co-opting the very people who should have been acting as stewards of the mortgage market and instead swapped their responsibilities for VIP loans."

This most recent news exposing the true size, scope and intent of Countrywide's VIP program comes as the Obama Administration and Congress legislate the aftermath of the financial crisis.

“It is disturbing that the very people charged with managing the stability of our housing and mortgage markets were apparently co-opted by one of the largest sub-prime lenders,” said Issa. “The decision not to include reform of Fannie Mae and Freddie Mac in financial reform legislation underscores the importance of investigating these influence buying efforts and presenting information explaining Congress' clear obligation to act. I am committed to exposing the full scope of how actions taken by Countrywide through its VIP program and other lobbying efforts compromised federal government officials who should have been more vigilant and skeptical about risky lending practices.”

Yesterday, Issa [sent a letter](#) to Federal Housing Finance Agency (FHFA) General Counsel Alfred M. Pollard raised concern that 173 Countrywide VIP loans given to 42 Fannie Mae and Freddie Mac employees, including three former Fannie Mae CEOs, violated ethics rules and created a conflict of interest.

“As our nation marched down the path leading to a crippling financial crisis, Fannie Mae should have been trying to cool off risky sub-prime lending and protect the economy from a volatile housing bubble,” said Rep. Issa. “The sweetheart deals to officials at Fannie Mae and Freddie Mac, however raise serious doubt that they could have said no to the risky business practices of Countrywide.”

The letter notes that spikes in Countrywide’s VIP lending to Fannie Mae officials occurred in 1998 as Countrywide was negotiating a volume discount with Fannie Mae and in 2001-2003, on the leading edge of a mortgage boom. In 1999, Countrywide reached an exclusive agreement to sell Fannie Mae billions of dollars in mortgages at a discounted rate. The deal was designed by Fannie Mae to lock competitor Freddie Mac out of the market for Countrywide’s loans.

[Click here for Rep. Issa's March 2009 report on the Countrywide VIP program](#)

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